

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

| | | |
|---------------------------------------|---|-----|
| Illinois Commerce Commission | : | |
| On Its Own Motion | : | |
| | : | |
| Requirements governing the form and | : | No. |
| content of contract summaries for the | : | |
| neutral fact-finder process for 2000 | : | |
| under Section 16-112(c) of the | : | |
| Public Utilities Act. | : | |

ORDER

By the Commission:

Section 16-108 of the Act (220 ILCS 5/16-108) authorizes utilities to impose transition charges from 1999 through at least 2006. Transition charges are to be set according to a formula established in Section 16-102 of the Public Utilities Act (220 ILCS 5/16-102). The market value of electricity is one component of that formula. Electric utilities must also make available certain power purchase options based upon the market value used in setting transition charges (220 ILCS 5/16-110).

The market value of power and energy to be used for these purposes is established under utility tariffs. As set forth in Section 16-112(a) (220 ILCS 5/16-112(a)), these tariffs must either (1) provide "for a determination of the market value for electric power and energy as a function of an exchange traded or other market traded index, options or futures contracts or contracts applicable to the market in which the utility sells, and the customers in its service area buy, electric power and energy," or (2) incorporate the market values resulting from the neutral fact-finder process detailed in Section 16-112(b) through (h).

Section 16-112(b) requires the Commission to appoint a neutral fact-finder by April 30, 1998, by February 28, 1999, and by April 30 in subsequent years. The neutral fact-finder "shall be a member of a national public accounting firm, shall not have served as the neutral fact-finder in the previous year, and shall be selected from a list of candidates provided by a nationally recognized provider of neutral fact-finders that has established rules for maintaining confidentiality."

Section 16-112(c) describes the genesis of the materials the neutral fact-finder will use to determine the market value of power and energy. It requires each electric

utility and each alternative retail electric supplier to submit summaries of specified contracts to the neutral fact-finder on or before June 1, 1998, April 1, 1999, and June 1 in subsequent years. The summaries must, at a minimum, identify the date of the contract, the year in which the electric power and energy is to be sold or delivered, the point of delivery, defining characteristics such as the nature of the power transaction, length of contract and temporal differences, and applicable prices. The final sentence of Section 16-112(c) provides that "[t]he Commission may adopt orders setting forth requirements governing the form and content of such summaries."

On December 23, 1999, the Commission received a Staff Report recommending that the Commission initiate a formal proceeding for the purpose of adopting requirements governing the form and content of contract summaries to be filed on or before June 1, 2000, under Section 16-112(b) of the Act.

The Commission finds the recommendation in the Staff Report to be reasonable and will thus initiate this proceeding to adopt an order setting forth requirements governing the form and content of contract summaries to be submitted in 2000 under Section 16-112(c) of the Act.

IT IS THEREFORE ORDERED that a proceeding is initiated in accordance with the prefatory portion of this Order to adopt an order setting forth requirements governing the form and content of contract summaries to be submitted in 2000.

IT IS FURTHER ORDERED that each Illinois electric utility provide to the Chief Clerk of the Commission, no more than seven business days after the date of this Order, a complete list of all municipalities within which they provide service. Include all such municipalities irrespective of whether the municipality is itself a customer, and irrespective of whether all or merely a fraction of the residents and other entities within the municipality are customers of the electric utility. The purpose of this ordering paragraph is to allow the Commission to fulfill the notice requirements of Section 10-108 of the Public Utilities Act.

IT IS FURTHER ORDERED that the Staff Report issued December 23, 1999, is made a part of the record of this proceeding.

IT IS FURTHER ORDERED, pursuant to Section 10-101 of the PUA, that this proceeding shall be conducted pursuant to contested case provisions of applicable law.

IT IS FURTHER ORDERED that this order is not final; it is not subject to the Administrative Review Law.

By order of the Commission this 4th day of January, 2000.

(SIGNED) Richard L. Mathias

Chairman

(S E A L)